LEGISLATIVE PRESENTATION OF THE VETERANS OF FOREIGN WARS

HEARING

BEFORE THE

COMMITTEE ON VETERANS' AFFAIRS
HOUSE OF REPRESENTATIVES

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LEGISLATIVE PRESENTATION OF THE VETERANS OF FOREIGN WARS

TUESDAY, MARCH 30, 1982

HOUSE OF REPRESENTATIVES,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, D.C.

The committee met, pursuant to notice, at 9:30 a.m., in room 345, Cannon House Office Building, Hon. G. V. (Sonny) Montgomery (chairman of the committee) presiding.

Members present: Representatives Montgomery, McEwen, C. Smith, A. Smith, Silijander, Napier, Nelligan, Dunn, Won Pat, Dorgan, Murphy, Gramm, Daschle, Jeffries, Solomon, Hillis, Wylie, Hechler, Hammerschmidt, Hall, Mottl, Edgar, Applegate, Mica, and Stump.

The CHAIRMAN. Good morning. The House Veterans' Affairs Committee will come to order to hear the testimony of the Veterans of Foreign Wars.

Commander Fellwock, before proceeding with the scheduled agenda this morning, I would like to call on Mr. Hammerschmidt, ranking minority member of this committee, to introduce a new member of the committee, Mr. Nelligan of Pennsylvania.

Mr. Hammerschmidt.

Mr. HAMMERSCHMIDT. Mr. Chairman, I am very pleased to introduce the new member of our committee on the minority side, Mr. James Nelligan of Wilkes-Barre, Pa., representing the 11th District.

Mr. Nelligan has had considerable experience with the Federal Government. He has worked in the executive branch and he has also worked in the General Accounting Office. He has also worked on Capitol Hill.

I am sure he will be a valuable addition to our committee. We are pleased to welcome him this morning during our first meeting since he was made a member of the committee.

Welcome, Jim.

The CHAIRMAN. Jim, we are glad to have you on the committee. You can have all the time you would like to take. You have 30 seconds. We'd like to hear from you. [Laughter.]

Mr. NELLIGAN. Thank you, Mr. Montgomery, Mr. Hammerschmidt, and my colleagues on the Veterans' Affairs Committee.

I just want to say that this is my first day here and Chairman Montgomery did it up right. They had all of you come in for my swearing in on this committee.

Thank you so very, very much. [Laughter.]

OPENING STATEMENT OF CHAIRMAN MONTGOMERY

The CHAIRMAN. This morning we are here to hear the legislative priorities and recommendations of the Veterans of Foreign Wars for the second session of the 97th Congress.

In recent weeks we have heard from the other veterans' organizations and this morning we are delighted to welcome again the distinguished and very able commander in chief, Arthur Fellwock.

Commander Fellwock, welcome to this committee. This is the second time you appeared before the committee. They must be working you pretty hard. I notice you've done something a lot of us would like to do, you've lost a little weight since the last time I've seen you. So I know you have visited a number of posts across the country.

We have Congressman Roudebush, a former Member of the Congress and just a great American. Welcome to this hearing this morning.

Joel Deckard who is a Member of Congress from the Eighth Congressional District of Indiana will introduce the national commander this morning. We would like to note that he served on this committee for several years and we enjoyed very much having him on the committee.

Before that though, the Chair would like to recognize Cooper T. Holt to introduce the other distinguished guests that we have here this morning. Cooper, we enjoy working with you in Washington. You are an outstanding man and I would like for you to introduce to the members of this committee the distinguished guests who are here with the commander in chief.

Mr. HOLT. Mr. Chairman, members of the committee, it is certainly my honor to present first of all the national president of our 670,000 members of the ladies auxiliary, Mrs. Marion Watson from Kentucky.

The wife of our commander in chief, Mrs. Norma Fellwock.

The wife of our senior vice commander in chief, Mrs. Isabelle Currieo from Arizona.

The wife of our junior vice commander in chief, Mrs. Lee Olson from Massachusetts.

The senior vice president of our ladies auxiliary, Mrs. Florence Taylor of New York.

The junior vice president of our ladies auxiliary, Mrs. Harriet Timmons from Colorado.

The secretary treasurer of our ladies auxiliary, Mrs. Glenn Grossman from Illinois.

Past national president of our ladies auxiliary, Mary Tyler.

Then, Mr. Chairman, we have of course our national officers that I would like to introduce at this time. Our senior vice commander in chief, Bob Currieo; our junior vice commander in chief, Cliff Olson from Massachusetts. Our adjutant general, Howard E. VanderClute, Jr.; our judge advocate general, Larry W. Rivers from Louisiana; our surgeon general, Dr. Robert Mitchell from Illinois, our national chaplain, Rev. John H. K. Miller from Delaware, chief of staff, Edward Sanders from Indiana, our inspector general, Jake Brewer from Ohio.

And now, Mr. Chairman, the gentlemen who have certainly made this the great organization it is today, the great leaders, the past commanders in chief: James E. Van Zandt from Pennsylvania; Joseph Menendez from Louisiana; Robert Merrill from California; Clyde Lewis from New York; Richard Roudebush, of course, from Indiana; John Mahan from Montana; Louis Feldmann from Pennsylvania; Ted Connell from Texas; Robert Hansen from Minnesota; Joe Lombardo from New York; Leslie Fry from Nevada; Joe Scerra from Massachusetts; Ray Gallagher from South Dakota; Herbert R. Rainwater from California; Joe Vicites from Pennsylvania; Judge Pat Carr from Louisiana; Ray Soden from Illinois; John Stang from Kansas; Thomas C. Walker from Connecticut and California; R. D. Smith from Georgia; Eric Sandstrom from Washington; and once again past commander in chief, Howard VanderClute from New Jersey.

The CHAIRMAN. Thank you, Cooper. Now the Chair would like to recognize the Honorable Joel Deckard of Indiana who will officially introduce the commander in chief of the VFW.

Mr. DECKARD. Thank you very much Mr. Chairman, members of the committee. It is with great pride that I have the opportunity to introduce to my colleagues a distinguished constituent of mine, the commander in chief of the Veterans of Foreign Wars, Arthur J. Fellwock, a life-long resident of Evansville, Ind.

Commander Fellwock has been commander in chief of the VFW for close to 2 years now. Upon the death of T. C. Selman, Mr. Fellwock became commander in chief, filling Mr. Selman's unexpired term.

His competence, his leadership abilities, have made him a major asset to the national VFW and it is important to note also his successful and acceptable accomplishments as commander of VFW post 1114 in Evansville. Commander Fellwock's dedication was instrumental in turning post 1114 into the largest active member post in the Nation.

Furthermore, at only 32 he was elected as the Indiana department commander for 1958–59 and the youngest to head the department in history, a record that still stands today.

Commander Fellwock has traveled extensively during his term of office. He has visited Egypt and Israel and was on the Golan Heights at the time of this year's annexation of that strategic area. He met with the freedom fighters of Afghanistan during a trip to Pakistan and received firsthand knowledge of the turmoil in Central and South America with stops at, among other countries, Venezuela, Argentina, Brazil, and Chile.

Commander Fellwock joined the VFW in 1946 after 3 years of service with the U.S. Navy during World War II in the Pacific Theater where he took part in seven major landings including Guam, Iwo Jima, and the Philippines. After his return from the service Commander Fellwock entered the University of Evansville, receiving his bachelor of science degree. At present he is vice president of sales for the Universal Corp. which installs production controls for large companies.

Commander Fellwock is a member of the first VFW National Board of Democracy Committee and he served twice as member of the National Council of Administration.

Furthermore, he has made fact-finding visits to the Far East where he had the opportunity to visit several Department of Pacific VFW posts.

Members of the committee, it is my honor to present to you the commander in chief of the Veterans of Foreign Wars, Mr. Arthur J. Fellwock.

The CHAIRMAN. Mr. Commander, before you start we would like, if you could, to keep your remarks to between 8 and 10 minutes so members will have the opportunity to ask questions and make comments. Also I would ask the members if they could hold their remarks to under 5 minutes. It would give everybody the chance to make some remarks and also there are a number of bills being marked up on other committees this morning, which is the reason we had the meeting at 9:30.

Without objection, Mr. Commander, your full statement will be put in the record and we are very glad to have you and you may proceed as you wish.[1]

STATEMENT OF ARTHUR FELLWOCK, COMMANDER IN CHIEF, VETERANS OF FOREIGN WARS OF THE UNITED STATES

Mr. FELLWOCK. Thank you, Mr. Chairman. We certainly will abide by your wish.

The CHAIRMAN. Mr. Commander, it is very hot in here and if your members want to take their coats off because they're uncomfortable, we certainly understand.

Mr. FELLWOCK. Thank you, Mr. Chairman. We will certainly abide by your wishes and I want to personally thank my Congressman, Joe Deckard from Indiana, who I have known for many years and who we in southern Indiana think is doing a tremendous job for us.

Mr. Chairman and members of this committee, it is indeed a high honor and a privilege for me to appear before this most distinguished committee as commander in chief of the more than 2.5 million men and women of the Veterans of Foreign Wars of the United States, of whom more than 550,000 are Vietnam veterans, and our ladies auxiliary.

The purpose of course is to present our priority legislative program for this 2d session of the 92d Congress. A statement of my full testimony and our pamphlet entitled Veterans of Foreign Wars of the United States—legislative and security priority goals for 1982 have been distributed to you and without objection it is requested that these priority goals and my full statement be made part of the record of this hearing.[2]

Accompanying me today, Mr. Chairman, are those devoted men and women who comprise the national leadership of our great organization. These are the ones through whose dedicated work and time freely given have made this our 27th consecutive year of increased membership. I know of no other organization of any type that can lay claim to such a sustained record of growth.

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[1] See p. 23.

[2] The VFW pamphlet entitled "Legislative and Security Priority Goals for 1982" appears on p. 39.

Let me be brief, concise, and very frank about a few matters that concern the Veterans of Foreign Wars. I commend this committee for having shepherded through the House of Representatives during the 1st session legislation fulfilling many of our resolutions and priority goals beneficial to veterans, their dependents and survivors which became Public Laws 97-37, the Former Prisoner of War Benefits Act of 1981, 97-66, the Veterans Disability Compensation, Housing and Memorial Benefits Amendments of 1981; and 97-72, the Veterans' Health Care, Training and Small Business Loan Act of 1981.

Mr. Chairman, a great concern of the Veterans of Foreign Wars is whenever budget cuts are mentioned, the antiveteran forces and social welfare planners gleefully crawl forth from the woodwork in droves. Recently the Office of Management and Budget or the Congressional Budget Office have proposed the following:

One, to reduce the compensation of veterans with service-connected disabilities who are paid at the 100-percent rate due to unemployability if they also receive social security or Federal retirement benefits;

Two, eliminate the pension program for veterans with non-service-connected disability and their needy survivors;

Three, eliminate compensation payments to veterans rated less than 40 percent for their service-connected disabilities;

Four, close 30 VA hospitals and, finally, the most disturbing of all, subject the compensation payments to veterans with service-connected disability to Federal income tax.

Mr. Chairman, it is inconceivable to me how these faceless bureaucrats feeding, and feeding well, at the Government trough filled with taxpayer's dollars and benefiting from the freedom made possible by the veteran, and who no doubt never served on active duty in our Armed Forces, let alone heard a shot fired in anger, can set themselves up as judge and jury and be so presumptuous as to decree what is appropriate compensation for having defended our great Nation.

As George C. Marshall, the great soldier-statesman said:

> It is impossible for a nation to compensate for the services of a fightingman. There is no pay scale that is high enough to buy the services of a single soldier during even a few minutes of agony of combat, the physical miseries of the campaign, or the extreme personal inconvenience of leaving his home to go out to the most unpleasant and dangerous spots on earth to serve the nation.

Mr. Chairman, this committee and the Veterans of Foreign Wars has been successful in squelching similar proposals by the National Academy of Sciences, the Heritage Foundation and the Office of Management and Budget, among others.

Now the Congressional Budget Office has joined the ranks of those ungrateful for the freedom they now enjoy, purchased for them by veterans living and dead, whose benefits they would not emasculate. You know, Mr. Chairman, and members of this committee, if the administration reneges on its commitments to our Nation's veterans and transmits these proposals to Congress for serious consideration, the VFW will oppose them in the strongest possible terms and hold those responsible personally accountable.

The VFW is very much concerned and highly distressed, Mr. Chairman, with the irresponsible and insensitive remarks of the

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Administrator of Veterans Affairs, Mr. Nimmo, with respect to medical care for older veterans and his announced moratorium on construction.

In particular, we find disturbing his question quoted by the Associated Press, and I quote: "Does it make sense to spend $280 million for a replacement hospital in Minneapolis when we've got 2,000 empty beds already there and where you've got a declining veteran population?"

This sounds like mainstreaming or contracting out of health care for veterans. Furthermore, by the VA's own published figures, the veteran population within the catchment area of the 55-year-old Minneapolis hospital is not declining.

Mr. Chairman, speaking for the VFW, if the veterans in need are denied medical care or overtures are made to mainstream veterans' health care, we will fight it here in the Halls of Congress, we will fight it at the White House; we will fight it in every county and parish throughout this Nation. This I can promise you.

Mr. Nimmo further stated before the House Veterans' Affairs Committee and I quote: "I am not at all sure that the individual whose service entails only an inconvenience is entitled to a number of the entitlements which are now in law."

He went on to say:

> It has long been my conviction and still is that public service is the price of citizenship, that people have an obligation to serve their country, and are not necessarily entitled thereby to a permanent social welfare system.

I submit that with this statement he puts himself above most, if not all, of the Congresses that have met over the last 206 years of our history, and exactly the opposite of what I just quoted from General Marshall. He has further categorized himself as viewing veterans' benefit programs as social welfare.

Mr. Chairman, I wish the members of this committee to know that if outbursts by Mr. Nimmo continue, the membership of my organization will have no choice but to seek the resignation of the present VA administrator.

As you know, in this great country of ours, the veteran is a special person and his programs should never be referred to as social welfare programs. We, in the VFW, we will never buy such a philosophy—nor, sir, will the American people—and I would certainly hope that no one member of this committee would ever buy such a philosophy.

Mr. Chairman, more than ever what the veterans of this Nation of ours deserves is a VA administrator who is a fighter for veterans' programs.

Mr. Chairman, the motto of the VFW is to honor the dead by helping the living. In carrying out this high and noble purpose, we are dedicated, totally dedicated to preserving the benefits for which all of us fought. Therefore, our basic priorities are: One, to maintain the integrity of the VA hospital and medical care system; two, the compensation and dependency and indemnity compensation programs; and, three, the pension program.

We will never retreat from these priorities. Never, Mr. Chairman, never will we retreat.

Mr. Chairman and members of this committee, I trust each of you will be with us tonight on the occasion of our annual congressional banquet at the Sheraton Washington Hotel. As you know by now, we will be honoring the Honorable Samuel S. Stratton with our 19th annual congressional award for outstanding service to the Nation. The reception will begin at 6 p.m. with dinner promptly at 7 p.m., where our Voice of Democracy contest winners will be our honored guests. I want to assure all of you that our program will conclude at approximately 9:15 p.m.

Thank you, Mr. Chairman, and members of this committee.

The CHAIRMAN. Thank you very much, Mr. Commander for a very strong presentation. On behalf of this committee, I think I can safely say that this committee will never retreat on veterans' programs and the bottom line is that we will do everything that we can for the veterans to see that he or she is treated fairly. You can count on us.

I would like to introduce or have stand up, from Mississippi, the VFW comrades that we have here today. Eighteen of them from my home State of Mississippi. Would Commander Barnes from the beautiful State of Mississippi stand up? We would like to recognize him.

Has former national commander Jimmy VanZandt come in? No? Well, I certainly want to let the record show that former Member of Congress, Jimmy VanZandt has certainly meant a lot to all of us. He loves VFW and he is number one working on the Hill up here.

The Chair would like to recognize Mr. Hammerschmidt, the ranking minority member. Mr. Hammerschmidt?

Mr. HAMMERSCHMIDT. Thank you, Mr. Chairman.

Commander Fellwock, it is good to see you again. We have always enjoyed hearing about the legislative programs of the VFW.

Just briefly, on a more personal note, I couldn't help but note that there is a large group with you this morning and some are from Arkansas. I would like for State Commander Dwayne Fletcher and the Arkansas contingent to either raise hands or stand up.

Mr. Commander, you spoke this morning in a very eloquent way about a number of concerns of the VA. You have made it clear that your prime priorities or concerns are maintaining the integrity of the VA medical care system; maintaining the integrity of VA compensation and indemnity program and maintaining the integrity of the veterans' pension program.

I completely agree with you that these three matters need to be the focus of our attention and I am confident this committee feels the same way.

It has already made a number of proposals to the Budget Committee of the House of Representatives that are almost identical to some of the positions you articulated so well this morning.

Mr. Commander I had occasion yesterday, as you know, to speak at the luncheon sponsored by the National Association of State Directors for Veterans Affairs. A number of those present here today were in attendance. I also spoke Sunday before your national legislative committee and I want to paraphrase, very briefly, part of what was said at those two meetings. I said that I count it as a badge of honor that I am among those who deeply believe that good

veterans' programs ought to be preserved, protected, and improved and that they deserve substantial priority over other programs which are not nearly as high on the moral agenda of our people.

With respect to the suggestion to further restrict the VA medical programs, I say that in my view it is already restricted to service-connected veterans, former POW's, veterans who may have been exposed to agent orange or other hazards, veterans who are over age 65, and nonservice-connected veterans who can't afford to pay for their care.

And it is restricted by the number of beds in the system and by the annual appropriation which funds it.

Finally, I say that I think the VA medical program is restricted enough.

In regard to this statement, Mr. Commander, I am sure that we are in substantive agreement with these positions taken by the VFW over these many years. I am pleased to note that the possible reductions mentioned in your statement are largely proposals by OMB as possible options.

We've heard OMB proposals before in this committee and in the past we have been able to protect the rights of our Nation's veterans and I predict that we will continue to do that.

Mr. Commander, it has been another pleasant experience having you here this morning. We listen carefuly to what the VFW has to say. Your legislative staff is excellent, and we work closely with Don Schwab, Jim McGill, Phil Mayo, and, of course, Cooper Holt.

You can be proud that they are your spokesmen. Thank you very much.

The CHAIRMAN. Thank you, Mr. Hammerschmidt, for a very strong and excellent statement. I want our VFW friends to see the large number of members in attendance. If some members do have to leave before we recognize them, right before you leave, I will recognize you and as I said earlier you will be recognized in the order you arrived.

The Chair would like to recognize that the chairman of the Subcommittee on Education and Training and Employment is really a hard working chairman. The gentleman from Pennsylvania, Bob Edgar. Mr. Edgar.

Mr. EDGAR. Thank you, Mr. Chairman.

I, too, want to congratulate you on your statement today. Before I make a comment I would like to recognize those from Pennsylvania who have made a great service to the VFW.

I would like to recognize the State Commander, George Dozenvitch. Is he here? Will you stand? And also senior president Thomas Dougherty and State adjudant Terry Hertzler. Are they here?

Where is the Pennsylvania delegation? Will all the Pennsylvanians stand, if you are in the room? Thank you.

We have a tradition of recognizing the members from our State if they are here and as you recognized, one of our newest members on the committee, Congressman Nelligan, is from Pennsylvania. Austin Murphy is from Pennsylvania.

When I became a member of this committee 8 years ago, we had zero members of the delegation from Pennsylvania and I hope you

undertand that we are beginning to take over from Texas and Mississippi. [Laughter.]

I wonder if we might also recognize, again before I make a comment, all of those in the room who are here representing States that do not have members on the House Veterans' Affairs Committee because we truly represent all of the veterans of the Nation and we want to give you recognition at this point.

Would those members who do not have members, please stand for recognition? Thank you.

Mr. Commander, just three very quick points that I would like to make with you this morning. First, in your comment about the VA administrator's inappropriate statements, I was present in the hearing when the VA Administrator made the statement about those who only had an inconvenience in serving their country and I, like you, was troubled with that statement.

But in that same hearing I was more troubled by something else that I heard. I asked the Administrator after 8 months of service as the Administrator of the Veterans' Administration, the agency which receives the third largest amount of money of any agency of the Federal Government, when was the last time he had presented the views and concerns of veterans to the President of the United States.

He said that there had not been an occasion in 8 months that he had found his way into the White House for substantive talks on veterans' issues.

That was a startling statement to me and I know there are a number of members who were concerned that an agency that spends $23, $24, or $25 billion providing health care and education benefits, pension and compensation benefits, housing benefits, has so little access to the President of the United States.

I would urge the VFW in its crankiness with the new Administrator, to also perhaps confront the new administration in figuring out a way in which the VA Administrator either can be a participant in cabinet meetings or can in fact have an ongoing monthly discussion with the President about concerns that are important to VFW and are concerns that are important to veterans throughout the Nation.

Mr. FELLWOCK. Thank you. I am going to meet tomorrow morning with the President and, before I leave, I'll have that bug in his ear.

Mr. EDGAR. That's an important comment.

Just two final comments. Tomorrow, early in the morning, we are going to have an additional hearing on a bill called H.R. 1400 which was introduced by our chairman.

It's a new GI bill for the All-Volunteer military. I know there are those in the room who have differences of opinion as to whether or not the All-Volunteer military is working but with the position of the President and the fact that the All-Volunteer military is in place, the fact that we terminated GI education benefits in December 1976, that we have had a recruitment decline, albeit it picked up because of the higher levels of unemployment right now, I think it is important for all of the traditional veterans' organizations to look carefully at a new GI bill for the All-Volunteer military.

I would guess that a number of people who sit behind you and some of their children have used the Vietnam era GI bill and other GI bill benefits to educate themselves and their families and that it is an important contribution to our Nation.

We have broad-base support from all of the uniformed services for restoring a new GI bill. We simply have to get over a couple of legislative hurtles and I would hope that the VFW would give us your support on that important initiative.

Mr. FELLWOCK. We have absolutely no objection to that at all. We think, however, that that should be paid out of the DOD budget, since they train in that, and then we would support it under those conditions.

Mr. EDGAR. I am not as concerned as to whose budget it gets paid out of, I just think it is important that we get the bill.

Since my time has expired, I will just remind you of one other initiative. Congressman Mottl who chairs our Health Care and Hospital Subcommittee is holding an important hearing on Thursday, to look at the adequacy of the construction of VA medical facilities.

I know of your interest in that and I can tell you that I will be there looking at the adequacy and the quality of the care of the veterans' health care system.

Thank you for your time today.

The CHAIRMAN. Thank you, Bob, and for your work on that education bill.

Next the Chair would like to introduce one of the most capable members of this committee and certainly the most attractive. Margaret Heckler of Massachusetts.

Mrs. HECKLER. Flattery will get you everywhere, Mr. Chairman.

Mr. Commander, I would like to tell you that I welcome you and I always enjoy the privilege of speaking with you and consulting with the representatives of the VFW on the national level. I would extend my warmest welcome again today to Walter Donswa.

I want everybody in this room to know that the VFW runs a first-class operation.

Of course, I take particular pride in the Representatives from my own State, especially, of course, Senior Vice Commander Olson and our Massachusetts delegation, and the institution of VFW. Would the members please stand? Thank you.

I know today we have many, many members to share dialog with but let me say I join you in your priorities and your goals. I believe very strongly that the priorities you have set should be the priorities of this committee and they are my personal priorities for veterans.

I would say that in my case I am distressed, that in my judgment the medical programs have been cut too much and that any further reduction would be absolutely insensitive to the needs of veterans.

I frankly feel that we are at a cross roads in terms of the geriatric programs which you referred to. We are a greying nation. We women may not choose to be grey, our hairdressers take this position with us, but the fact is that we all know what is happening and we are facing the aging process across the country and among the veterans who have served this country, I think dealing with

the older veterans we must give special consideration to the process of aging. It needs to be a priority for the VA.

This program has not been given the attention it deserves. Indeed I am very delighted you are going to meet with the President because I think he is as sympathetic as he has been in the past and I do hope you will mention this issue to him very, very succinctly.

I want to say this, finally, that I feel it is so important for the veterans' movement today to be expanding. Your whole organization has been expanding. Your growth is impressive. Your inclusion of the women indicates the solidarity that is developing among all veterans.

I think the country owes the veteran first-class treatment.

I know VFW will lead the charge and I assure I will heckle for it.

The CHAIRMAN. Thank you very much, excellent.

I would just like to say that if we don't have strong veterans' organizations around the country, which Mrs. Heckler mentioned, there is no way we can do the job for you up here. We have got to have the grassroot support or we can't make it for veterans in the Congress of the United States. It is that simple.

Jimmy Van Zandt is here. Jimmy, stand up. Thank you.

Congressman Dorgan has got to go. He's from North Dakota. Has anyone come all the way from North Dakota? I will introduce him and the Chair recognizes you just for an introduction.

Mr. DORGAN. Thank you, Mr. Chairman. I do have a markup over at Agriculture today but I did want to, before I have to depart for the Agriculture Committee, recognize some folks from North Dakota who are members of the VFW and of whom we are very proud of. Thank you.

Mr. Chairman, let me, in leaving, say to Mr. Fellwock that you have a certain capacity to say what you want to say very plainly and clearly to us.

I read the book, "Plain Speaking," and Harry Truman was like that and they said to Harry Truman: "You sure give them hell, Harry, don't you?" He said: "No, not at all. I tell the truth and it sounds like hell to some of them."

I think you're on the right track and I applaud you, sir.

Mr. FELLWOCK. Thank you very much.

Mr. DORGAN. Thank you, Mr. Chairman.

The CHAIRMAN. The Chair would like to recognize the gentleman from Ohio, Mr. Applegate. Well, he certainly was here and should be given credit.

We have a number of members from Ohio and we'll move right ahead to Chalmers Wylie of Ohio. He is the ranking minority member on the Compensation and Pension Subcommittee. He has been an outstanding member of this committee. Chalmers Wylie has really done a good job.

Mr. WYLIE. Thank you very much, Mr. Chairman. Commander, I too want to compliment you for an excellent statement. Is your nickname: Soft-sell?

Mr. FELLWOCK. I don't think so.

Mr. WYLIE. I, too, want to say that we rely very heavily on Cooper Holt and Don Schwab to keep us in line with the objectives

of your organization. They are excellent staff people, as has been said before, and I want to compliment them also.

I have been a member of the VFW since I left active duty in World War II, as you know, and I am very proud of that membership.

I would like my commrades from the great State of Ohio to stand up and be recognized, if you please. We always have the largest delegation. Thank you.

Ladies and gentlemen, I am proud of the leadership which this committee has exemplified under the chairmanship of General Montgomery and John Paul Hammerschmidt. We are the first committee, I think, to submit our recommendations to the Budget Committee and our recommendations have accomplished many of the goals which you have outlined here this morning.

I think you do approve of most of the budget recommendations which we have made, but let me say that we will not countenance the taking away of any service-connected disability benefits.

We will not stand by and see the great VA medical system weakened in any way. We will not turn our backs on the veterans of World War II whose only major problem right now is the fact that they are growing a little older.

We have heard recommendations from some high public officials, too, but the recommendations have to go through this committee and I don't think you need to be all that concerned because so far we have operated in a very bipartisan, nonpartisan way in my 15 years and this committee has been freed, actually, from political pressure.

I hope it will not be made a political forum by certain individual Members. I don't think it will. We want to keep it objective.

I want to thank you, commander, for your outstanding contribution and I am glad to be here this morning to hear your excellent statement.

Mr. FELLWOCK. Thank you. Thank you, very much.

The CHAIRMAN. Thank you, Mr. Wylie. I would like to follow up on your comments. This has been a budget that we can work with, that the President has sent down.

It is not everything we want but it is certainly a lot better than some other agencies and departments of the Government got and we have a starting point.

This committee did what it was supposed to do under the budget process. We made a recommendation, and we think you agreed with this recommendation, and we hope that the Budget Committee will accept it and that the administration will go along with what we presented.

This was not a bad budget from this adminimtration and medical care has been increased under this budget; 1,300 additional personnel will be employed by the VA to work in the medical care field.

The Chair would like to recognize the gentleman from Pennsylvania, Mr. Murphy. Austin Murphy, a newer member of the committee but he gets here on time and he always gets recognized pretty early.

Mr. MURPHY. Thank you very much, Mr. Chairman.

Good morning Commander Fellwock, and your officers, staff members, and my delegation from Pennsylvania having already been recognized and I will see them later this morning.

I conducted a poll in my district last year on the Reaganomics plan and I wish to advise you that nearly 80 percent of the people in my district responded that there should be no cuts in veterans 'benefits and I believe that average would hold up pretty well in the Nation.

Mrs. Heckler very adequately pointed out that our veteran population, by and large—we being World War II persons—are growing in years and with that added age comes a real need for veterans' benefits in the future.

Most of our veterans, and you know that as well as I do commander, have taken nothing from our country except the $50-to $175-a month we may have earned during some service years and now is the time when most of our veterans are coming in need and there is no way that the membership of this committee are going to tolerate turning our backs or our Nation turning our back at a time when that need is at its greatest.

I am glad to see you calling our President's attention to the Administrator of Veterans Affairs. He should be and has always been, until this point, an advocate of needs of veterans and not an opponent.

If your staff will provide us with the answers, and I know they will, to counter the utterances and misstatements of the Administrator, we are going to make them part of our public record not only here before the committee but on the floor in Congress when these matters come for debate.

I see Cooper writing it down now and Don; I know they will get that information. I would particularly like to have it on his comments on VA hospitals.

Thank you very much, Mr. Commander, for being with us.

Mr. FELLWOCK. Thank you.

The CHAIRMAN. Thank you, Mr. Murphy.

Harold Sawyer of Michigan was here, he is an excellent member of this committee. He attends all the subcommittee hearings. I think somebody told me that Harold Sawyer had to leave. The Chair doesn't want to get into any trouble on this but the Chair would recognize Mr. Gramm who is on the Budget Committee and did an excellent job last year on the Gramm-Latta substitute which protected veterans 'benefits and the Chair will recognize you at this time and thank you for your help last year.

Mr. GRAMM. First I would like to tell you that I appreciate having the opportunity to listen to that testimony and I don't think you are going to find any disagreement with the people on this committee. We, on this committee, recognize that our country did not get into fiscal problems by spending money on veterans' programs. Expenditures on veterans' program have been flat for 15 years. It's the expenditures on programs for people who have never done anything for this country, who are unlikely to do anything for it in the future about which we should be concerned.

I want to assure you as a representative of this committee, on the Budget Committee, that no veterans is ever going to be denied earned benefits so long as we have the voice of Congress.

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I'd also like to say that I believe we are capable of setting priorities and I believe that at the front of the line should be those who have earned benefits. I'd also like to say that when I need to know something about veterans' programs, I talk to Don and Cooper. So if I goof up, check with them before you check with me.

Being the third ranking Texan on the committee, rarely do I get to give Texans an opportunity to stand up and since I got recognized out of order, Mr. Chairman, I'd like to take the prerogative today and ask all members here from the great State of Texas to stand up.

Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Sawyer of Michigan. The Chair recognizes the gentleman from New York.

Mr. SAWYER. Thank you very much, Mr. Chairman. I have to go to another meeting, so I will be brief.

First, I'd like to have all the members of the New York delegation—since I am the only member of this committee from New York—I'd like to have the commander, the past commanders, all of those from New York State raise your hands.

Just briefly, let me say this: Over the last 6 years there are two areas that have gone down a percentage of the whole national budget. One is the veterans' programs and the other is national defense.

I had a group of people come into my office the other day and say: "Jerry, why are you so supportive of veterans?" This was a group of people pushing a particular social program. "Why are they any different than you and I?"

I went on to tell them about the special preferences and what I thought. I said, "Now, let's just get down to brass tacks. Never mind the fact that they were patriotic and went out and served their country, let me tell you something else. When I went into the service, the Marine Corps, back in 1950, all my younger counterparts who stayed home had an opportunity to work 2 or 3 years and earn retirement benefits from that particular job. They had a chance to advance up the retirement ladder and every other veteran that came home 2, 3, 4, 5, or 6 years later never will catch up to those people that stayed at home."

Why do we have veterans' preferences and why do we have special benefits? Very simply we are trying to equalize and to let the veterans of this country come up with part of what they'd had if they had stayed home.

We have a situation today where we have draft registration in this country and whether we are going to go back to the draft or not, I was disturbed that 800,000 young men either because they were ill-advised or intentionally wanted to violate the Registration Act, 800,000 did not register.

When the President gave a 30-day grace period during the month of February, I introduced legislation which is sponsored by Sonny Montgomery and a number of other members of this committee which would prohibit any young man who is in violation of the Draft Registration Act from receiving any financial Federal aid such as food stamps or college loans.

When we put this bill to your legislative committee I hope that you will come out wholeheartedly in favor of this. From the day

that bill was introduced, 400,000 of them did come out and they registered because they wanted to protect their benefits.

The CHAIRMAN. It makes a lot of sense but I'm not sure it's going to get through Congress. But we certainly need it.

Mr. Jeffries of Kansas.

Mr. JEFFRIES. Thank you, Mr. Chairman and Mr. Commander. I would like the delegation from the great State of Kansas to please stand up. Thank you. It is good to see you all here.

I have to apologize to you all because it looks very doubtful that I will be able to get to that dinner tonight because I have a prior engagement. I have to escort the Cherry Blossom Queen from the State of Kansas. She happens to be from our Second District. So I hope you gentlemen will understand. No hard feelings?

I want to take just a minute to reiterate some of things that I have heard here today. I think you know this committee is definitely on the side of the veterans. We are going to pledge you our full support. As Chairman Montgomery has told you, we do pledge our support.

I believe also that this is an indication, I hope fervently that it is an indication, that there is some patriotism coming back to our country again.

The CHAIRMAN. Thank you very much, Jim. Bud Hillis of Indiana has to go to another committee and the Chair will recognize you, sir.

Mr. HILLIS. Thank you, Mr. Chairman.

Thank you for an excellent statement and this committee, including myself, is 100 percent on your side, Mr. Commander.

I want to recognize my former, well, he is my constituent who was my Congressman and he is the best director of the VA that I think we have ever had. Stand up, will you? Richard Roudebush.

The CHAIRMAN. Albert Smith of Alabama had to leave and the Chair apologizes for not getting to him.

I'd like to recognize Bob McEwen from Ohio. The Congressman from Ohio.

Mr. MCEWEN. Thank you. I would like to take this opportunity to tell you, Mr. Commander and the other members of your excellent organization, of my personal support for your efforts. I appreciate the standard that you have carried so well.

After studying your testimony last night, I conceded that we share the same concerns. Members of this committee are in your corner and we support what you said. The priorities that you have presented to the committee sum up the very purpose that we serve here. You've answered our Nation's call to arms and you are to be commended for your service not just to our Nation but also for your active participation in the protection of the national programs for veterans.

We need your assistance, support, and advice. I look forward to working with you with great expectation and hope. By our concerted efforts we will have veterans' programs equitable to all.

Thank you for coming and thank you for your fine testimony.

The CHAIRMAN. The Chair would like to recognize the gentleman from New Jersey. We have three Smith's on the committee. This is Chris Smith of New Jersey.

Mr. CHRIS SMITH. Thank you, Mr. Chairman.

First of all I would like to commend you, Mr. Commander, for a very stirring speech. I think if there was any doubt as to where you were coming from it was certainly laid aside by that very, very strong statement.

I agree with you that the integrity of the VA medical system and the health care delivery system that has been established is under attack and we must repel those attacks. When we're talking about putting a moratorium on hospitals and nursing homes and all kinds of health care facilities and talking about eliminating 30 hospitals, I think we are talking the wrong language.

Instead of that I think that when you realize we have, as Peggy Heckler said, an aging population—and I do serve on the Hospital and Health Care Subcommittee—we should be addressing that need, actively anticipating how we are going to accommodate that need. We do have a graying population. The World War II veteran is moving into that area. He will need the kinds of services the nursing care home and the hospitals provide. So I can pledge to you that I am very supportive of those efforts, and I will fight any decrease in terms of pensions and compensation, and do believe we should increase rather than decrease the hospital and health care delivery system.

Let me just say, finally, that we do have a fine New Jersey delegation here and I would like to introduce them to the audience. State Commander Dick Rumbuos is here and State Senior Vice Commander Vincent Tamburino and State Junior Vice Commander Walter Merklin and State Legislative Chairman Charles Kinney and Leon Scull who is State Director of Veterans Employment for New Jersey. If they would all stand up and take a bow? Thank you.

I would also like to recognize Mr. Howard VanderClute who has a most distinguished reputation. He is known as one of the finest and most persuasive advocates of veterans' rights and pension benefits as well as hospital care. He was the former commander in chief. Stand up and take a much deserved bow. Thank you.

Finally, one of the quotes that I think best puts it into perspective, the concern that should be manifested by this committee and the American people and Government is to care for the veteran that was stationed in battles and care for his widow as well as for his orphans—to paraphrase Abraham Lincoln.

The CHAIRMAN. Thank you. The Chair would like to recognize one of the newest members of the committee, John Napier of South Carolina. Mr. Napier?

Mr. NAPIER. Thank you very much, Mr. Chairman.

Mr. Commander, thank you very much for your incisive statement. I also would like to say that we appreciate the work of your Washington office and the advice and counsel they give us.

Mr. Roudebush, it is indeed a pleasure to see you back in Washington. You are one of the ablest public servants who ever served in this Nation's capital and we thank you.

I'd also like to say that we are delighted to have our South Carolina delegation and if they would stand up, we are proud of you. Thank you.

We have a member of the South Carolina delegation who is not here for the first time. Last year was the first time he missed in a number of years but I would like to call to your attention his serv-

ice not only to the VFW but his service to the State of South Carolina and to this Nation. No man has served our State and Nation any more ably than Jimmy Cothran of South Carolina. [Applause.]

He is from the congressional district which I am pleased to represent, and I shall go back to him and tell him of your applause at the time his name was mentioned.

Mr. Commander, you have talked about priorities for veterans programs. As one who worked on the Senate Veterans' Affairs Committee, I know of those priorities and I support them—a strong independent VA hospital system, a strong compensation pension system, a strong national defense, a strong program of voluntarism that you have for our Nation's youth and the voice of democracy contest.

In fact, when I first went to work over there Senator Thurmond, who I worked for, called me aside and said, "I want to tell you about some of the people you will be working with." And when he mentioned the VFW he said very simply, "Always keep in mind this, the VFW stands for what is right in America."

I know that to be true and I listen when you speak. Let me mention two things, if I may. In the morning you will be meeting with President Reagan. I can think of no greater thing that he could do at this moment to be sure that your ideas, of the VFW, are implemented than to support the legislation that I introduced before I became a member of this committee and which is not before this committee but before the Government Operations Committee—to give the VA Administrator Cabinet rank so he will be in the forefront of any decisions that are made on Veterans' Affairs. I hope that they will support that.

Second, your organization on Capitol Hill serves a very important role. I was distressed to learn over the weekend as I read the headlines of the newspapers which said the Federal courts have sought to deal another blow to our veterans' organizations. I don't know the details but I hope the day will never come when you can't have your tax exempt status at and the same time provide us the information that we so desperately need. I hope you'll appeal the court decision and I hope you'll be successful.

Thank you so much for the opportunity to be here. I am going to have to leave. I have a markup which has been in progress. We appreciate your work.

Mr. FELLWOCK. Thank you very much.

The CHAIRMAN. Thank you, John.

We have five other members that would like to make some comments and the Chair would recognize the newest member again and give him that other 30 seconds that we let him have earlier. Jim Nelligan of Pennsylvania.

Mr. NELLIGAN. Thank you, Mr. Chairman. This is the first hearing of the Veterans' Affairs Committee I have been to, and I can only say that this is the beginning of a very exciting day. I would also like to say, Mr. Chairman, that I have been on Capitol Hill a number of years as a member of several staffs. I attended many committee meetings and served on committees and Mr. Chairman, your committee is something else.

Commander Fellwock, first of all I want to congratulate you—compliment you—on a very profound and very forceful speech and

while you were delivering that statement you may have seen a little smile on my face. It wasn't because I objected to anything you said at all. I was just thinking to myself, I like to hear this guy when he really believes in something.

It's rather obviously that you believe in what you are doing and you believe in what you are saying and I want you to know that I believe in what you are doing.

Patriotism is becoming very fashionable again. It dropped out of sight for a number of years, but I think the fall line this year is going to be the unveiling, the new unveiling, of patriotism. So keep up the good work. On that I would like to recognize Past Commander Jimmy Van Zandt because he is not only a great former Member of Congress, he is not only a great veteran, but he does one heck of a job as our shepherd on the Pennslyvania congressional delegation and congratulations to Jim.

Old veterans don't die, they just slave away as Members of Congress.

I would also like to recognize a gentleman because if I didn't, well, he swings a hell of a lot of votes in my district and if I didn't I might lose them, but in all sincereity, another past commander, Lou Fellwock. Welcome. Good to see you here in Washington.

I do have a quick question. I think you could be helpful to me on this first day that I am a member of the Veterans' Affairs Committee. I have a veterans' hospital in my district and the comments on quality of service are mixed. Some say the service is great; some say the service is awful.

I think that in your position as a national commander who has an overview and perception of the quality of service to veterans all over the United States—and I don't mean to put you on the spot at all—but perhaps you can tell me your view, tell me very briefly, your view of the quality of service provided to veterans in the United State and perhaps make a distinction between those services being provided to the World War II veterans and those services being provided to other veterans with particular problems, such as Vietnam veterans. I would certainly appreciate it, if you would.

Mr. FELLWOCK. For the most part the quality of care in the VA hospitals is very good. It is excellent.

Mr. NELLIGAN. Thank you.

Mr. FELLWOCK. We have a team which goes out and periodically calls upon a hospital and makes inspections of the hospital, especially when we hear that things are not quite right.

We are not medical experts, our team going around, but we do know quality care. We do know how to talk to the veteran. We do find out firsthand whether or not they are getting the care and the attention in the support area that is necessary to make their stay as comfortable as possible in the hospital.

We do this periodically and from time to get some reports back but for one particular hospital, I would have to refer to Cooper Holt or Don Schwab. But the overall stream of it is quality care in the VA hospitals.

Thank you, Commander, and thank you Mr. Chairman.

The CHAIRMAN. The Chair would like to recognize the gentleman from Florida, Dan Mica. As you know, a number of veterans are certainly moving into the Florida area.

Mr. Mica.

Mr. MICA. Thank you, Mr. Chairman. I think the chairman is afraid he is going to hear me say again that 5,000 veterans a month are moving into the State of Florida.

I came on this committee 36 months ago and we have not gone below 5,000 a month, every month moving into the State of Florida. With that, I would like to recognize our Florida veteran, Mr. Virgil Tank and any other veterans from the State of Florida. Would you please stand?

Let me just say this, you should all look around and say hello to these fellows because you'll be among some of those 5,000 moving to Florida.

Let me say, Mr. Chairman, that I think this budget, although it may be adequate, I really personally believe it ought to be more. I think the statistics—and anybody can play the numbers game—but we all recognize the projections that there will be 10 percent fewer veterans between now and the year 2000. One of the statistics that we should point out is that the veteran population is rising in their average age over 65.

This committee heard testimony that at that point, 65 and over, individuals need four times as much health care as those under 65. In my own State of Florida, I just toured all of our veterans' installations and with this great influx we are a forerunner of what we expect to see in the Nation.

We can expect to see a 100-percent increase in the number of veterans in Florida in the next 18 years and a 700-percent increase in their medical needs. When we talk of budgets in these terms, I think that we do need to look at this budget. I think the tour pointed out at that we are grossly understaffed. The Miami VA outpatient clinic was designed to see 135 people a day. Right now they are seeing 1,000 a day. That needs to be corrected in our veterans' budget.

The last point that I found out is that in our State, and it is happening around our Nation, in our Miami facility and the West Palm Beach facility nonservice connected veterans are being turned away.

Illegal aliens go to the hospital across the street and they get instant treatment. That ought to be pointed out.

Mr. Chairman, I don't begrudge any money to any individual that needs help and care but if we could find $100 million last year in our Federal budget for illegal refugees, then we ought to find a little more for the veteran.

The CHAIRMAN. The Chair would like to recognize the gentleman from Guam, Congressman Won Pat. Mr. Won Pat recently received a regional office in Guam. I will admit it is not that big, but it is out there.

Tony, thank you. The Chair recognizes Mr. Won Pat.

Mr. Won Pat. Thank you, Mr. Chairman. Commander, after I listened to all this series of long speeches, I want to congratulate you, or rather commend you, for endurance and patience. It reminds me of the story of the preacher who talked so long that the audience is bored and one by one started to move out of the room until finally there was only one sitting there and after the speaker got through

speaking he looked at the man and said: "Sir, you are indeed a gentleman."

The man that was sitting down looked at him and said: "Mister, you are wrong. I am the next speaker."

I witnessed the groundbreaking ceremony for the Vietnam veterans the other day and yesterday I took the floor to pay tribute to the veterans—not only for Vietnam but also for the territories, the neighboring States of the Union.

As a member of this committee I am always supportive of every program for the veteran. Being on the Armed Services Committee, also, I have been supportive of all defense projects, all defense legislation.

I have two children that are veterans, who served in Vietnam, so I have a natural sensitivity to the problems and the objectives of the veterans.

Your organization, Mr. Holt, has been helpful to me in the past. I have been your tenant from 1965 to 1971 before I became a Member of Congress. I became a Member of Congress in 1972. I am very happy with the fine assistance that you have provided and those problems that I brought to your organization were veterans' problems. As you know, we have more than 9,000 veterans in Guam. That is the justification for establishing a veterans' office on Guam.

I want to join my colleagues here in commending you, Mr. Commander, for your very fine presentation and all of your colleagues for being here today.

Thank you.

The CHAIRMAN. There are two members with a lot of patience and the Chair will point these two gentlemen out and then he will recognize them one at a time.

Sam Hall of Texas and Tom Daschle of South Dakota.

The Chair recognizes Congressman Sam Hall who is chairman of the Subcommittee on Compensation, Pension and Insurance. He has done an outstanding job as chairman of this subcommittee. Congressman Hall.

Mr. HALL. Thank you, Mr. Chairman. Not much else to say.

I read this summary. I would commend it. You must be mean as a junkyard dog. I always like to talk to groups like this. You always get to the point where you can say what you mean.

I think one of the worse things that happened in the session of this 97th Congress is when they took that $300 burial allowance away from the veteran. If we can give money to every country on earth that doesn't give a damn about us, we can sure help pay for the veteran who dies in this country.

The goals that you have are excellent. We got to have a country that is the strongest on earth. The people who are in this room helped to make it that way once and I think it would be sacriligious, literally, to forget the goals that you have presented to us, that this organization stands behind.

I agree with everything you say in those goals. I wish you had one sentence in there that you don't have and that is this: The next war we get into, let's get in to win.

We mentioned patriotism here a moment ago. I think it's growing. I remember when they had those hostages over in Iran. I got

some letters from men who had served in the 82d and 101st Airborne. They said: If you will tell us where to go, we got one more good jump in us and if we can get those back you just let us know.

I showed that letter around in my district and they were not always from the First District of Texas. They are all over these United States and I appreciate it. If you are here today I appreciate you more because you are a part of that organization, part of that group.

You know, you're like a choir today. It's like a preacher talking to the choir. John Paul Hammerschmidt, Bob Edgar and all of the others who have come and gone, we believe in you. If we didn't we wouldn't be on this committee and we want you to come back every opportunity and time you have and continue the goals that you are fighting for. We will do our level best at this end of the line to help you out in any way we can.

Thank you.

The CHAIRMAN. We're very proud of this next gentleman, a member of this caucus who really led some of the fights for the Vietnam veteran. Tom Daschle has been chairman of the caucus on the Hill for the Vietnam veterans and a member of this committee.

The Chair would like to recognize the gentleman from South Dakota.

Mr. DASCHLE. Thank you, Mr. Chairman.

It's good to bring up the rear like this but it always presents a problem. You sort of feel like somebody's seventh husband. You know what you got to do but you don't know how to make it interesting. [Laughter.]

Congressman Edgar was saying a little while back that his percentage of Pennsylvanians on the committee is growing. Well, ours is already at 50 percent and with any luck next year it will be 100 percent.

I want to tell you the reason why that is going to be true. The reasons like we have seen again this morning. Commander Fellwock, that was an excellent statement. It was concise, it goes directly to the point. The point being that we are very, very concerned about the future of our veterans.

You were saying today in a workshop that you and your staff and these members come together every year to discuss and hammer out ways in which we can insure the commitment that we have made to the veterans across this land.

I don't know of another organization that can boast of success that the Veterans of Foreign Wars have had ever since its inception. You have an enviable record. You have a record of accomplishment that looks back with a great deal of success each and every year.

I think it has lived up to the commitments that you strenuously and so eloquently address this morning. We have another major effort to do again this year. Working together in this room, in this workshop, this legislative workshop, we are going to hammer out once again a legislative program that I think will go back to everyone of our veterans with a great deal of pride.

There are a number of major legislative issues that we are going to address. I know that we go to the Washington staff and they are very helpful. But I want everyone in this room to know who my

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advisors are in Veterans' Affairs, and that is the South Dakota delegation here with me this morning. Could they stand up right now and be recognized? Thank you.

You know, per capita, we may have the largest representation of any State in this room. But you know, several people have mentioned the memorial that we broke ground for again last week. It is going to be a beautiful memorial and we had some direction from Mr. Holt and others on how that memorial should be constructed. Constructive suggestions, I might add.

But I will tell you this, there isn't a memorial in Washington today or anywhere across this land that will be worth the dirt on which it is found if the commitment to the American veteran is gone. That is the last memorial that this Congress, I think, has got to demonstrate. That is the memorial that will live on forever. That is a memorial that means something to each and everyone of these veterans and so it is that commitment that I think we have to recognize as part of this memorial that we owe.

So again I think you have put another few blocks toward that memorial, the construction of that memorial which we call commitment. Certainly we all owe you a very strong debt of gratitude for your efforts again this morning and for the efforts of the VFW for all of you.

Thank you.

The CHAIRMAN. The Chair recognizes the commander again and Mr. Cooper Holt. The Chair would recognize Mr. Holt.

Mr. HOLT. Mr. Chairman, it will only take 1 second. I am getting forgetful like a lot of these old World War II veterans and I forgot to introduce one of the beautiful ladies over here, the wife of our adjutant general, Marion VanderClute.

The CHAIRMAN. The Chair would like to recognize the ladies auxilliary groups. One of the keys that we have in keeping strong veterans' organizations in the different States, is that the hard work they do.

Mr. Commander, do you want to mention again about the banquet tonight?

Mr. FELLWOCK. Yes; I would. The reception is at 6 o'clock. The dinner is at 7 o'clock at the Sheraton Washington Hotel. We promise you that you will be out by 9:15.

It will be an outstanding one honoring Samuel S. Statton tonight.

The CHAIRMAN. I want to commend you. You do stick to the schedule. Most banquets around here go until 12 midnight and it is not very encouraging when you have to be back on the job early the next morning. I know that you do keep it right on the time and I thank you for doing that.

I think it has been an excellent hearing this morning and if there are no further comments from the committee, the Chair now declares that the committee is adjourned.

[Whereupon at 10:55 the committee was adjourned.]

APPENDIX

VFW

VETERANS OF FOREIGN WARS OF THE UNITED STATES

OFFICE OF COMMANDER-IN-CHIEF

STATEMENT OF

ARTHUR J. FELLWOCK
COMMANDER-IN-CHIEF
VETERANS OF FOREIGN WARS OF THE UNITED STATES

BEFORE THE

COMMITTEE ON VETERANS' AFFAIRS
U. S. HOUSE OF REPRESENTATIVES

9:30 A.M.
TUESDAY, MARCH 30, 1982
WASHINGTON, D. C.

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

It is, indeed, a high honor and privilege for me to appear before this most distinguished Committee as Commander-in-Chief of the more than 2.5 million men and women of the Veterans of Foreign Wars of the United States and our Ladies Auxiliary, of whom more than 550,000 are Vietnam veterans. The purpose, of course, is to present our priority legislative program for this Second Session of the 97th Congress. Our pamphlet entitled, "Veterans of Foreign Wars of the U. S. — Legislative and Security Priority Goals for 1982," is appended to my testimony. Without objection, it is requested these Priority Goals be made a part of the record of this hearing.

First, permit me to welcome and congratulate the two new members of this Committee, the Honorable John L. Napier from South Carolina and the Honorable Wayne

Dowdy from Mississippi. On behalf of our veterans, I commend the Committee for having shepherded through the House of Representatives during the First Session legislation fulfilling many of our resolutions and Priority Goals beneficial to veterans, their dependents and survivors which became Public Laws 97-37, the "Former Prisoner of War Benefits Act of 1981;" 97-66, the "Veterans' Disability Compensation, Housing, and Memorial Benefits Amendments of 1981;" and 97-72, the "Veterans' Health Care, Training and Small Business Loan Act of 1981." Also, I would be remiss if I did not commend your fine professional staff and in particular, Mack G. Fleming, your Chief Counsel and Staff Director; Francis W. Stover, your Deputy Chief Counsel; Rufus Wilson, your Minority Counsel and Paul W. Mills, Minority Professional Staff Member, for working so closely with the Executive Director of our Washington Office, Cooper T. Holt and our National Legislative Director, Donald H. Schwab, and their staffs.

Accompanying me today, Mr. Chairman, are those devoted men and women who comprise the national leadership of our great organization. These are the ones through whose dedicated work and time freely given have made this our 27th consecutive year of increased membership, and I know of no other organization of any type that can lay claim such an unbroken record of growth.

Mr. Chairman, the cuts made in ongoing Veterans Administration programs by the "Omnibus Budget Reconciliation Act of 1981," Public Law 97-35, and subsequent cuts in VA programs, total somewhat over a quarter of a billion dollars, a very small percentage of the $40 billion trimmed from the fiscal year 1982 Federal budget. The most painful loss was the $300 VA burial allowance for the nearly 27 million veterans not in receipt of compensation or pension payable by the Veterans Administration, and our current Resolution No. 774 calls for restoration of the burial allowance. Although a number of bills are pending before this Committee

to restore this benefit, immediate authority and funding should be granted the Veterans Administration to provide a decent burial for honorably discharged wartime veterans who for whatever reason die with neither funds nor someone to claim their remains. Some of our VFW Posts have paid for the interment of members in need, and I am sure other organizations have done the same. However, and unfortunately, there will continue to be a small number of destitute wartime veterans who expire and the Federal Government should continue " . . . TO CARE FOR HIM WHO SHALL HAVE BORNE THE BATTLE . . . . "

The President has proposed a fiscal year 1983 Federal budget of $758 billion in outlays containing cost-savings of $56 billion and a proposed VA budget of $24.4 billion, or 3.2 percent of the Federal budget, which is an increase of $222 million over 1982, with cost-savings of some $328.6 million. While we recognize cost-savings no doubt will have to realized, we are not at all convinced that the proposed areas in which to accomplish these savings, such as the proposed $17 million reduction in beneficiary travel which will undoubtedly hurt most those veterans who can least afford such expenditure, is the proper place to do this.

Mr. Chairman, there are other omissions of funding in the proposed VA fiscal year 1983 budget that are disturbing to me and to our membership. Two of these areas deal with provisions of Public Law 96-330; one being the expanded Geriatric Research and Care Program authorized by Title III and the other is the Veterans Administration Health Professional Scholarship Program authorized by Title II. As you are aware, the expanded Geriatric Program was not funded in 1982 and again in the 1983 budget, and the VA has only increased personnel assigned to their existing Geriatric Program by three employees. Congress in its wisdom acknowledged that we are going to experience a rapid increase in the population of older veterans and recognized the need for greatly expanding this program.

Insofar as this scholarship program is concerned, the physicians' portion has never been funded and only in this fiscal year 1982 has $4 million been allocated for the Nurses' Scholarship Program. We all know there is a very crucial shortage of registered nurses throughout the VA hospital and medical care system to the degree that entire wards have had to be closed in some facilities and nearly 800 beds throughout the system. Therefore, it is imperative that funding for the Nurses' Scholarship Program be included in the fiscal year 1983 budget and the budgets in years to follow if the shortage of registered nurses within the system is to be alleviated.

Mr. Chairman, we are encouraged that the funding for Medical and Prosthetic Research is to be increased by $7.6 million, but that activity will still be functioning below the 1981 level of $144.4 million and, also, will sustain a loss of 199 employees. It is important for us to remember that research has brought physicians into the system who otherwise would not be attracted and that two Nobel Prize winners were recognized for their work in the VA Research Program.

One of the provisions of Public Law 97-72 authorized within the VA a small business direct loan and loan guaranty program for veterans to be funded in the amount of $25 million. Unfortunately, no money has been appropriated and according to our information, no funding is expected. This is especially disturbing since the Small Business Administration -- the prime agency charged with assisting veterans in small business -- is, itself, ready to incur cutbacks.

Mr. Chairman, whenever budget cuts are mentioned, the anti-veteran forces and social welfare planners gleefully crawl forth from the woodwork in droves. I have in my possession a two-page legal size "laundry list" of possible cuts which could be made in veterans' benefits and within the Veterans Administration itself. Although whoever prepared this document has a very extensive knowledge

of veterans' benefits and the Veterans Administration, the most probable offices where it could have originated deny authorship.

Another document published by the President's Office of Management and Budget entitled, "Major Themes and Additional Budget Details -- Fiscal Year 1983," and submitted to Congress to consider in the 1984 budget, proposed to "eliminate the current provision of law which provides payment at the 100 percent rate to veterans who are rated between 60 and 90 percent for their service-connected disabilities and who are judged to be 'unemployable' if they receive social security or Federal retirement benefits."

An even more horrendous document, an extract of which is appended to my testimony, originated in the Congressional Budget Office and is entitled, "Reducing the Federal Deficit; Strategies and Options." One of the callous proposals would eliminate pensions for veterans suffering from non-service-connected disabilities and their survivors for a gross savings of $3.5 billion and relegate these needy veterans and their survivors to the status of welfare recipients, completely robbing them of any dignity and ignoring the very special contribution they have made to our great nation. Striking at the very heart and keystone of all veterans' benefits, the compensation program, this document further states, "Veterans compensation could be limited to those with disability ratings above 30 percent," for projected savings of approximately $1.2 billion in fiscal year 1983. Another suggested option is not to pay $59 a month to veterans rated 10 percent to save $4 billion over the next five years since, "These veterans can claim no ongoing disability at all." CBO also opined that $1.8 billion could be cut from the VA budget by closing 30 VA hospitals since the remaining facilities " . . . should be more than adequate to handle the needs of all service-disabled veterans, who constitute less than 30 percent of VA hospital patients." For the coup de grace, CBO proposed saving

$9.1 billion in five years by taxing compensation payments, but, to prove they are all heart, CBO would increase benefits of those at least 50 percent disabled to make up for the tax liabilities in the worse case (a beneficiary living alone and unable to work).

Mr. Chairman, it is inconceivable to me how these faceless bureaucrats feeding, and feeding well, at the government trough filled with taxpayers' dollars can set themselves up as judge and jury and be so presumptuous as to decree what is appropriate compensation for having defended our great nation. As George C. Marshall, the great soldier-statesman said, "It is impossible for the nation to compensate for the services of a fightingman. There is no pay scale that is high enough to buy the services of a single soldier during even a few minutes of agony of combat, the physical miseries of the campaign, or the extreme personal inconvenience of leaving his home to go out to the most unpleasant and dangerous spots on earth to serve the nation."

Mr. Chairman, this Committee, the VFW and other major veterans' organizations have been successful in squelching similar proposals by the National Academy of Sciences, the Heritage Foundation and the Office of Management and Budget, among others. Now, the Congressional Budget Office has joined the ranks of those ungrateful for the freedom they now enjoy purchased for them by veterans living and dead whose benefit they would not emasculate. You know, Mr. Chairman, and members of this Committee, if the Administration reneges on its commitment to our nation's veterans and transmits these proposals to Congress for serious consideration, the VFW will oppose them in the strongest possible terms and hold those responsible personally accountable.

Mr. Chairman, we hear and read of proposals to curtail medical care for veterans 65 years of age and older by subjecting them to a specific financial needs

test or requiring these older veterans to sign the oath of inability to pay. Apparently, the Veterans Administration envisions being inundated by the 12 million World War II veterans who will reach the age of 65 in the next several years and not being able to provide either adequate inpatient or outpatient care. We simply do not believe this will be the case. Historically, VA facilities have been most heavily used by veterans with service-connected disabilities or those with non-service-connected disabilities who are poor, aged and live in reasonably close proximity to a VA facility. As a matter of fact, in Volume II of the VA budget it is stated in part, " . . . 58 percent of VA patients are at or below the poverty level of income . . . " and, " . . . VA users have lower incomes, are more often not married, are generally older, are more often disabled, and are more often members of minority groups . . . . "

Mr. Chairman, in a related matter we are deeply distressed by the recent moratorium placed on hospital and other construction in 1984 and other years by the Administrator of Veterans Affairs. His assertion is that facilities have been built willy-nilly, implying political reasons when, in fact, they have been fully justified and approved at the highest level. I sincerely hope this is not a subterfuge to justify "mainstreaming" or contracting out of care for veterans. Our fear in this regard is rekindled since in reference to replacement of the 55 year old hospital at Minneapolis, Mr. Nimmo was quoted by the Associated Press Wire Service as asking, "Does it make sense to spend $280 million for a replacement VA hospital in Minneapolis where we've got 2,000 empty beds already there and where you've got a declining veterans population?" Well, the 2,000 empty beds if they do exist, are not in VA facilities, but, rather, in community hospitals overbuilt for personal financial gain by physicians and hospital officials. With respect to a declining veteran population, figures published by the VA indicate veterans

served by their Regional Office in St. Paul numbered 528,000 in September 1980 and 528,000 in September 1981. No decline there and the Regional Office service area roughly coincides with the Minneapolis hospital catchment area of 547,000 veterans, including some from adjoining states. Although denied by the Administration that "mainstreaming" is their intent, it was specifically proposed by the President's Office of Management and Budget on March 5, 1981, alluded to by the President, himself, in a construction deferral on October 23, 1981, and now, by the Administrator of Veterans Affairs. Those at the highest levels speak the words of "mainstreaming" and then tell us we do not understand what we have read. Mr. Chairman, speaking for the VFW, and I believe all veterans' organizations, should overtures be made to "mainstream" veterans' health-care, we will fight it here in the halls of Congress, we will fight it at the White House, and we will fight it in every county and parish throughout the nation. This I can promise you.

Mr. Chairman, there are two other areas which demand our continued tenacious pursuit and oversight by this Committee. One is the herbicide and toxic substance issue which haunts our Vietnam veterans and their families.

We are encouraged by legislation we supported which was incoporated in Public Law 97-72 liberalizing medical care for those veterans who believe they were exposed to toxic substances and expanding the scope of the Agent Orange study. The VFW has been active in both the outreach program and a survey of those veterans examined by the VA. In addition, one of our Vietnam veteran professional staff members is a member of the VA Advisory Committee on Herbicides and another serves on the Agent Orange Panel of the Office of Technology Assessment. This problem will not simply go away. It must be resolved and the sooner the better.

The other is the nagging unemployment problem no longer restricted to younger Vietnam and disabled veterans, but because of the depressed economy, includes all

veterans of working age. I am aware that this Committee has direct jurisdiction only over those employment and training provisions of Title 38 of the United States Code. The Department of Labor has primary responsibility for veterans employment with oversight by this Committee. In the current year the Veterans Employment Service is funded at $7.4 million with a supplemental appropriation of $1.1 million pending, which, if approved, will meet current requirements. Quite naturally, we would expect that funding be provided to allow full staffing at 225 positions for the fiscal year 1983. It is counter productive to reduce funding for employment given the state of the present depressed economy. The Veterans Employment Service must be fully funded and we look for your assistance in this regard. For the record, we are working closely with the Department of Labor in the drafting of legislation to establish a job training program which would set aside a specific percentage of funding for the Veterans Employment Service.

Mr. Chairman, because of cuts in the 1982 budget, those in the offing for 1983, and those which may be forthcoming for all in future years, it would appear this is the proper time to restate our priorities with respect to benefits for our nation's 30 million veterans, their dependents and survivors.

Our first priority must be maintaining the integrity of the VA hospital and medical care system consisting of 172 hospitals, 16 domiciliaries, 102 nursing homes and 228 outpatient clinics to provide necessary health-care for our 2.2 million veterans with service-connected disabilities and those veterans with non-service-connected disabilities who are in need and seek care. Our second priority must be maintaining the integrity of the compensation and Dependency and Indemnity Compensation (DIC) programs for the 2.2 million veterans with service-connected disabilities and the 354,000 survivors of those veterans who were permanently and totally disabled at the time of death. Our third priority is to

maintain the integrity of the current pension program for the 866,000 veterans suffering from non-service-connected disabilities who are in need and for their slightly over one million survivors.

This Committee primarily and Congress in general, Mr. Chairman, have over the years recognized the very special service rendered by those who served in uniform on active duty in our Armed Forces during periods of war and hostility. There are those, however, who would belittle that service by saying it is just a responsibility of citizenship or merely an inconvenience. In my opinion, no responsibility of citizenship was reflected in the educational deferment from the draft during the Vietnam Conflict, nor in the wholesale pardon of draft dodgers. I consider it a mere inconvenience if my car fails to start in the morning or I miss a connecting flight at an airport, but I do not consider being sent off to war for years as a mere inconvenience. No, as we have stated before, and in testimony before this Committee, those of us who served have given years from our lives, years from our families and years from our personal endeavors, if not also our physical or mental health. Having said this, I trust Congress when considering future budget cuts, will always remember the words of the American economist, Henry George who said, "The ideal social state is not that in which each gets an equal amount of wealth, but in which each gets in proportion to his contribution." You know and we know, veterans, those widowed or semi-orphaned because of war, have contributed immeasurably and we are still being asked to give through repeated reductions in the VA's portion of the Federal budget and, under this Administration, reduction in our benefits. Let the Federal benefits for all others be judged by the standard of the contribution made by our wartime veterans.

Mr. Chairman, and members of the Committee, I trust each of you will be with us tonight on the occasion of our Annual Congressional Banquet at the Sheraton Washington Hotel. As you know by now, we will be honoring the Honorable Samuel S. Stratton with our 19th Annual Congressional Award for outstanding service to the nation. The reception will begin at 6:00 P.M., with dinner promptly at 7:00 P.M. where our Voice of Democracy contest winners will be honored guests. I want to assure all of you our program will conclude at approximately 9:15 P.M.

Thank you, Mr. Chairman and members of the Committee.

CHANGES IN VETERANS' PROGRAMS

The income security programs for military veterans--pensions and disability compensation--are potential sources of appreciable outlay savings. The overriding issue for these programs is the extent to which veterans are to be extended preferential treatment. Both programs, administered by the Veterans Administration, provide services also available from other federal sources for disabled or low-income persons; but individuals who qualify for veterans' benefits receive higher amounts of cash assistance. For example, the veterans' pension program now guarantees a veteran without other resources $413 per month, compared to $265 in monthly federal benefits from SSI. 7/ Changes in veterans' programs could restrict benefits to the more needy, however.

ELIMINATING VETERANS' PENSIONS

Veterans' pensions provide means-tested benefits to low-income war veterans who are at least age 65 or have total and permanent disabilities, to their dependents, and to needy survivors of war veterans. Just under 1 million veterans, 1.1 million survivors, and nearly 1 million dependent beneficiaries currently receive such pensions. These programs overlap other means-tested income security programs, particularly SSI. (The SSI program also aids the aged, blind, and otherwise disabled, although with less generous benefits than veterans' pensions.)

Gross savings from elimination of veterans' pensions would amount to nearly $3.5 billion in 1983. This amount, however, would be offset by approximately $1.1 billion in increased SSI Costs, and smaller rises in food stamps, AFDC, and Medicaid, as former pension recipients become eligible for those programs. Since the income eligibility limits for veterans' pensions are higher than under SSI, current pensioners would experience a drop in benefits, and a few--mostly veterans--would have incomes too high to qualify for assistance under SSI at all.

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7. Many states supplement the SSI benefits, reducing the differential. In 1980, for example, the average supplement to those receiving supplements was $85 per month, but across all SSI recipients the average was only $19 per month. If these benefit guarantees were adjusted to include food stamp eligibility as well, the SSI beneficiary (with no state supplement) would gain $6 relative to the veteran, reducing the disparity in guarantees to $142. Finally, treatment of earned income for determining benefit levels varies between the two programs, so that a veteran with some earnings might not be worse off under SSI.

Although other veterans' disability benefits are generally designed to compensate for some loss resulting from military service, pensions are not granted under this rationale. The requirement for disability pensions does not relate to service-connected disabilities, but rather to disabilities incurred after discharge. (Veterans aged 65 and older also qualify for veterans' pensions.) Furthermore, there is no reason to believe that the low incomes of VA pensioners are related to their military service, since veterans as a group have higher median incomes than non-veterans of the same age. This option would make benefits to this group of the population consistent with income security payments to other groups.

Defenders of veterans' pensions point out that many current beneficiaries would be ineligible for SSI or AFDC. Since these pension benefits are aimed at war veterans and their survivors, they may be entitled to uniquely high levels of protection.

This option could be modified by phasing out veterans' pensions rather than eliminating them altogether so that persons already on the rolls, particularly aged recipients, would not suffer severe hardships. For example, veterans' pensions could be eliminated for new recipients and phased out for current beneficiaries. Savings under such an option would be considerably lower.

ENDING VETERANS' COMPENSATION TO PERSONS WITH LIMITED DISABILITY

Veterans' disability compensation provides benefits to persons with service-connected disabilities, regardless of financial need. The amount of compensation is based on the degree of impairment; payments are made to veterans with as little as 10 percent disability. Additional allowances are also paid for dependents, but only if the veteran has disabilities rated at 30 percent or more. Of the 2.3 million veterans now receiving compensation, 56 percent have total disabilities rated below 30 percent.

Veterans' compensation could be limited to those with disability ratings above 30 percent. This option would reduce federal outlays by about $1.2 billion in fiscal year 1983. Some of the nearly 1.3 million persons who would lose their benefits might be eligible for other income security programs. It is likely, however, that most of these veterans would no longer receive government support.

Veterans' disability ratings were originally designed to compensate on the basis of an average loss of earning power. With the improvements in reconstructive and rehabilitative medicine, combined with the sharp decline in the portion of the workforce performing manual labor, however, impairments of less than 30 percent may not significantly reduce an individual's ability to work. Many people with these lesser impairments, therefore, may not have reduced incomes as a result of their disabilities. This fact is already recognized to some degree by the exclusion of these individuals from entitlement to dependents' allowances.

On the other hand, if these payments are viewed as compensation for injuries incurred in service to the country, it may be irrelevant whether the recipients are able to support themselves or whether their earning ability, is reduced. Under these circumstances, subjecting veterans' compensation to the same standards as other income security programs may be inappropriate.

A more modest version of the restriction on veterans' disability compensation would end payments to persons with less than 20 percent disability (see Appendix A-700-a.) The arguments remain essentially the same; persons with 10 percent disability are even less likely to experience any income loss. In fact, in a small number of cases, veterans with zero disability ratings still receive compensation--albeit at very low levels. Savings from this option would total $640 million in 1983.

END VA COMPENSATION TO VETERANS WITH 10 PERCENT OR LESS DISABILITY. (A-700-a)

Savings from CBO Baseline	Annual Savings (millions of dollars)					Cumulative Five-Year Savings
	1983	1984	1985	1986	1987	
Budget Authority	700	740	800	860	920	4,020
Outlays	640	740	800	860	920	3,960

Veterans' disability compensation provides benefits to veterans for service-connected disabilities based on the degree of their physical impairment. This option would eliminate benefits to veterans whose combined disability is 10 percent or less.

About 700,000 veterans would be affected, practically all of whom are now paid $58 monthly; a few receive up to $69 a month. Enactment of this proposal would result in 1983-1987 savings of nearly $4 billion.

If this program is viewed as compensating for the lost earning capacity that results from injury during military service, little argument can be made in favor of retaining benefits at the 10 percent or zero percent levels. The conditions for which a 10 percent rating is assigned (such as superficial varicose veins below the knee, mild gastrointestinal ulcers that only give rise to symptons once or twice a year, or loss of the sense of taste) do not significantly affect a person's ability to work. Zero percent ratings represent, for the most part, persons with tuberculosis that has been completely arrested. These veterans can claim no ongoing disability at all.

If, on the other hand, disability benefits are viewed as compensation for the pain and suffering of a service-related injury or disease, the degree to which earning capacity is affected is not particularly relevant.

CLOSE CERTAIN VA HOSPITALS
(A-700-b)

Savings from CBO Baseline	Annual Savings (millions of dollars)					Cumulative Five-Year Savings
	1983	1984	1985	1986	1987	
Budget Authority	340	350	360	375	390	1,815
Outlays	340	350	360	375	390	1,815

The Veterans Administration hospital system provides care for certain veterans, as space is available, according to the following statutory schedule of priorities:

1. Veterans with service-connected disabilities, for the treatment of those disabilities.

2. Veterans with service-connected disabilities rated 50 percent or more, for the treatment of unrelated conditions.

3. Veterans with service-connected disabilities rated less than 50 percent, for the treatment of unrelated conditions.

4. Veterans who are former prisoners of war.

5. Veterans aged 65 or older or who are unable to pay the cost of necessary care.

This option would effect a 10 percent reduction in the number of VA hospital beds by closing 30 of the smallest and least crowded of VA acute care facilities. It assumes that 40 percent of the resulting savings would be returned to the remaining hospitals to allow them to increase their patient loads and, thereby, partially offset the impact of the closings. Some of the funds would be required to pay increased beneficiary travel costs for veterans who would have to travel greater distances to a VA facility. The estimate of savings does not reflect any savings or costs that could result from the sale or conversion to another use of the closed hospitals. Nor does it reflect any offsetting increase in Medicare or Medicaid costs.

Many of the previous attempts to reduce VA medical care costs have involved reductions in funding for medical or support staffs or for equipment. Such an approach can potentially erode the quality of care provided in all VA hospitals. Closing some of the less efficient hospitals would not affect the level of care provided in the remaining facilities. Of the 30 hospitals assumed to be closed, most have fewer than 400 beds and many have occupancy rates of less than 70 percent. Since many of the remaining VA hospitals do not operate at full capacity, much of the patient load from the closed facilities could be accommodated elsewhere in the system.

Opponents of this option will argue that some eligible veterans might be denied VA care altogether as a result. While this could happen, the remaining 146 hospitals should be more than adequate to handle the needs of all service-disabled veterans, who constitute less than 30 percent of VA hospital patients. Veterans denied care would be among those in the lowest priority category, aged 65 or older or unable to pay for their care. The majority of these veterans would be eligible for assistance from Medicare and Medicaid and, therefore, should not suffer undue hardship.

TAX VETERANS' DISABILITY COMPENSATION
(B-700-a)

	Annual Added Revenues (billions of dollars)					Cumulative Five-Year Addition
	1983	1984	1985	1986	1987	
Addition to CBO Baseline	0.8	1.7	1.9	2.2	2.5	9.1

Veterans with service-related disabilities are eligible for monthly cash benefits under the veterans' disability compensation program. Benefits are paid according to the degree of disability and now range from $58 a month for 10 percent disability to $1,130 a month for complete disability, with additional payments up to $3,223 a month for eligible veterans judged to have suffered certain specific severe disabilities. Benefits are tax free and paid without regard to income from other sources. If disability compensation was made taxable, the revenue gain would be $0.8 billion in 1983 and $9.1 billion in 1983-1987.

Because payments are available for very minor disabilities, and because they are not reduced for veterans able to work, disability compensation benefits are not closely targeted to financial need. About 39 percent of all beneficiaries are only 10 percent disabled. Because a 10 percent disability can be a relatively minor medical problem, such as a scar or a small reduction of movement in a joint, earning power is oftentimes unimpaired. While those who suffered disabilities in the service of their country are surely entitled to some compensation, benefits for minor disabilities may have a lower priority in times of budgetary stringency.

Any hardships resulting from taxation of benefits could be alleviated by increasing benefits 10 percent for beneficiaries who are at least 50 percent disabled, since they received the largest benefits and are most likely to be in need. Such an increase would make up for the tax liabilities in the worst case (a beneficiary living alone and unable to work), but would reduce the net budgetary gain by only about one-third.

Opponents of these policy changes would argue that disability compensation for those who suffered long-term physical harm in the military should not be reduced because of other income, especially if the other income is from the labor of a spouse or from property. As against this, some Members of Congress believe that benefits have been insufficiently targeted on need, and have tried without success to cut back on benefits directly. Taxing benefits has the advantage of targeting the reductions of net income on those least in need without reducing benefits directly.

VETERANS OF FOREIGN WARS OF THE U.S.

LEGISLATIVE and SECURITY PRIORITY GOALS FOR 1982

ARTHUR J. FELLWOCK
COMMANDER-IN-CHIEF

PRIORITY LEGISLATIVE PROGRAM

★ ★ ★

Preamble

"The ideal social state is not that in which each gets an equal amount of wealth, but in which each gets in proportion to his contrbution . . ."

— Henry George

The Veterans of Foreign Wars supports a sincere and necessary effort to right the economy by the elimination of fat, fraud and waste throughout the federal government, to rekindle within all citizens the spirit of pride in personal accomplishment and the elimination of work disincentives. However, we trust that in the process the Administration will always remember those who have contributed by far the most to our continued freedom and democratic way of life, our nation's veterans.

The financial constraints needed to curb inflation and reduce unprecedented high interest rates will not be painless, but far less harmful than the devastation of continuing runaway inflation would bring to the lives of all Americans. Unfortunately, those who have given the most, veterans, have already given the most, again, in budget cuts under the present and several preceding Administrations and further cuts cannot be made without doing violence to the benefit programs for veterans or the Veterans Administration hospital and medical care system, or both.

In recent years, 15,000 hospital beds have been cut from the VA system and veterans in need of medical care have been

denied at VA facilities due to personnel and budgetary constraints. Educational benefits for Vietnam veterans have not been kept abreast of inflation and we have seen enactment of a pension program admittedly designed to keep World War II and subsequent veterans and their survivors off the pension rolls. Already in this 97th Congress the $300 VA burial allowance has been denied our 27 million veterans not in receipt of compensation or pension. Additionally, the House Budget Committee made an unsuccessful move to deny compensation payments to those rated ten percent disabled for their service-connected disabilities. There are those in Congress who believe different benefits should be granted those who served in actual combat and those who did not and that we owe nothing special to veterans suffering from non service-connected disabilities regardless of their financial need. The Office of Management and Budget has seriously questioned the need for a separate VA medical care system and proposed reducing the 58 VA Regional Offices to mere contact points with the adjudication of claims accomplished at a few large central centers. At the behest of OMB the VA is undertaking a full-scale study of contracting out services at all VA hospitals including food service, maintenance, records processing, appointments scheduling and the prepackaging and mailing of prescriptions and we hear continued talk of "mainstreaming" medical care for veterans which means contracting out.

Finding meaningful employment – or any kind of employment – remains to be one of the major concerns of many Vietnam veterans. If the veteran happens to be disabled, the problem becomes that much more acute. In order to focus greater attention on this problem, the VFW supported the passage of Public Law 96-466 (enacted October 17, 1980). Among other things, this law elevated the position of Deputy Assistant Secretary

of Labor for Veterans Employment to the level of Assistant Secretary to provide authority commensurate with the vast responsibilities inherent with the position. Ironically, as of this date, the position has yet to be filled which undoubtedly contributes to the non-solution of the veterans employment situation.

We call upon the Administration and the Congress of the United States to summarily reject any proposal to further curtail or eliminate veterans' benefits and live up to the nation's obligation to those whose contribution has been the greatest — our 30 million veterans, their dependents and survivors.

"The only thing necessary for evil to succeed is for good men to do nothing," and TOGETHER FOR AMERICA good men must and will prevail.

LEGISLATIVE GOALS FOR 1982

VETERANS ADMINISTRATION BUDGET

That we prevail upon the Congress of the United States to budget and appropriate funding for the Veterans Administration which will maintain the integrity of the benefit programs, the VA hospital and medical care system, state veterans' homes and to fund the physicians' and nurses' scholarship program authorized by Public Law 96-330. Further, that the Budget Committees of both houses permit Congressionally chartered veterans' organizations to appear before them to present testimony with respect to the VA budget.

VETERANS ADMINISTRATION BENEFIT PROGRAMS

The insidious effects of inflation upon the lives of veterans is well documented. We therefore support the introduction annually and passage of legislation that provides for cost-of-living increases in the veterans benefit programs that are realistic and that maintain the real value of those programs to include, but are not limited to, compensation, pension and the GI Bill.

CONTRACTING OUT OF VETERANS ADMINISTRATION PROGRAMS OR FUNCTIONS

It has become apparent that there are those who would cause the reduction or elimination of many of the functions and programs of the VA. Accordingly, we oppose any legislative or administrative actions which would allow such to take place: The contracting for VA medical care under the criteria set forth in OMB Circular A-76 or any reorganization plan which would abolish or infringe

on any or all of the functions or programs of the VA or transfer those responsibilities to any other agency of government. Further, we oppose the passage of any law or the implementation of any plan which would circumvent the recruitment and retention of veterans in federal employment.

VETERANS PREFERENCE

That veterans preference be strictly enforced in all federal departments and agencies and that if a department or agency is abolished by "sunset," that preference eligibles be given bumping and retreating rights. Furthermore, that veterans preference be observed and strengthened in all federal and state employment programs.

VIETNAM VETERANS

We seek the passage of legislation providing for a realistic cost-of-living increase to recipients of GI Bill educational benefits, and to extend entitlements thereto from 45 to 48 months; press Congress to insist upon an accurate and timely resolution of the health-related questions being raised as a result of herbicide exposure, along with liberalizing the criteria and establishing an open-ended presumptive period for disposition of herbicide related claims; continue the authority and adequate funding for the Vietnam Veterans Readjustment Counseling Program for at least five years; and that Congress be urged to appropriately fund and to aggressively pursue the proper implementation of the various employment programs regarding Vietnam Veterans.

AGING VETERANS

That we urge Congress to provide the necessary funding and staffing for a comprehensive program of geriatric and extended health

care; encourage the continuance and expansion of the Geriatric Research, Education and Clinical Centers (GRECC's); and insist on the compliance with 38 USC 5010 (d) (b) which mandates that no fewer than 12,000 nursing home care beds be operated and maintained. Further, that funding be increased for state nursing home facilities.

NATIONAL CEMETERIES

We continue to pursue the establishment of an open national cemetery in every state to augment the regional national cemeteries approved by Congress. Expansion of the national cemetery system is more important than ever since the Omnibus Reconciliation Act of 1981, Public Law 97-35, denies the $300 VA burial allowance to the nearly 27 million veterans who are not in receipt of compensation or pension payable by the VA.

TOGETHER FOR AMERICA

PRIORITY
NATIONAL SECURITY AND
FOREIGN AFFAIRS PROGRAM

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Preamble

"One of the fundamental differences between our government and those of the Soviet Union and the Warsaw Pact nations was brought home to me very vividly when I had the privilege of visiting our troops along the high wall that divides West, or Free Germany, from East or Soviet Germany. Our observation posts along that wall, all of ours, face East — to enable us to guard against any invasions from the East. Now, all of their (Soviet) observation posts also face East. This is designed to keep their own people prisoners in that freedomless land. . . .

"There is no way to wish aside the realities of this world which demand that we rearm America and do it just as fast as we can. Winston Churchill once said, 'You must look at the facts because they look at you.' We are looking at the facts today and I need not tell you that they are alarming. But we must face them if we value our way of life and want it to continue."

—Defense Secretary Weinberger
VFW 82nd National Convention
August 19, 1981

"We know that rearming America will take some time. We didn't lose our supremacy overnight. America's return to a clear margin of safety will be buttressed by VFW support every inch of the way, for as long as it takes. . .

"There is no other 'America' out there somewhere to save us from folly or miscalculation. We must truly be 'TOGETHER FOR AMERICA.'"

—VFW Commander-in-Chief Arthur Fellwock Acceptance Remarks at the 82nd National Convention, August 20, 1981

Today, America's need to rearm and rearm rapidly is being challenged not only by the expanding military might of the Soviet Union abroad, but by soaring interest rates and stubborn inflation here at home.

An Administration which is clearly mandated to (a) rearm America to secure an enduring peace; and, (b) put our economy on a sound, long-term footing is being faced with an agonizing dilemma: Can we rearm and restore the domestic economy simultaneously? If not, what gets top billing, the common defense or the domestic economy?

While, as taxpaying Americans, the VFW does sympathize with the Administration and the 97th Congress as they grapple with this problem of priority, can there be any doubt as to where we must stand?

First, last, and always — a secure, proud, and free America. Everything else must be in second place.

Certainly, where any "gold-plating," waste, nonessential travel or duplication may exist within the armed forces, these expenditures must be promptly and thoroughly eliminated. When and wherever the armed forces are being manipulated to achieve some social goal — women's rights, racial

balance, etc. — such blatant misuse of potential combat power must be halted in place.

Having done this to assure maximum combat power at minimum cost, the rearming of America at about a 7% increase per year, adjusted for inflation, must continue.

Cutting nondefense spending will incur distress and inconvenience.

Not rearming could mean the end of our way of life; and, should America badly miscalculate, our end as a free people.

TOGETHER FOR AMERICA, once again, the VFW will lead the way.

SECURITY GOALS FOR 1982

1. Recognizing the anti-defense policies of the previous Administration, the VFW will support the Reagan Administration's current plan to rearm America. In addition, the United States should adopt a national strategy of Peace Through Strength, the general principles of which would be: (a) the maintenance of a strong economy and the protection of our overseas sources of energy and other vital raw materials; (b) helping our allies and other non-communist countries defend themselves against communist aggression; (c) the pursuit of positive non-military means to roll back the growth of communism; (d) re-establishing effective security and intelligence capabilities; (e) accepting no arms control agreement which in any way jeopardizes the security of the U.S. or our allies, or locks America into a position of military inferiority; (f) creating a strategic defense and a civil defense which would protect American citizens against nuclear war at least as well as the Soviets defend their citizens; (g) achieving overall military and technological superiority over the Soviet Union; and (h) to inspire, focus and unite the national will and determination to achieve this goal of peace and freedom. As an overriding concern, we say that, in the future, should the United States be called on to defend this nation or this nation's security interests by recourse to arms, that we fight with but one objective and that is to WIN. Also, our trained military leaders must be authorized and expected to conduct the war toward this goal in the shortest possible time.

2. The VFW Commander-in-Chief shall inform the President and key members of Congress that the Number One strategic task confronting the United States now is to fund, build, equip and man a U. S. Navy that

is clearly Number One in order to properly secure the world's sea lanes, thereby protecting U. S. interests.

3. Deny Southern Africa to communist military imperialism by assuring that Southern Africa does not become Moscow's last "domino" on the African continent, and that, in so doing, the United States tends to our clear and present national interests: access to strategic minerals, possible base and refueling rights, and open sea lanes of communication and commerce.

4. In order to return to a fair, loophole-free draft as soon as practicable, the following steps be taken: registration of 18-year old males; re-establishing a Selective Service Headquarters in each state; annual conscription now of up to 200,000 men for the Individual Ready Reserve; and, the creation, as soon as possible, of an equitable and loophole-free draft to assure the quantity and quality of personnel needed to assure our common defense.

5. Restore American primacy in Central America, the Caribbean and South America by requesting Congress to reaffirm the principles of the "Monroe Doctrine" as a proper guide for U. S. policy towards the other nations of the Western Hemisphere. Additionally, the United States must use every means to combat the spread of Soviet/Cuban influence in this area. The School of the Americas be kept alive as a common training experience for military leaders of Latin American nations. Further, we will continue to oppose and isolate Communist Cuba by refusing to extend diplomatic relations, by continuing our U.S. presence at Guantanamo Bay Naval Base, and by aerial overflights to determine if the "Kennedy-Khrushchev Agreement of 1962" is being honored.

6. In order to aid the Afghan freedom fighters, the United States must increase

the flow of small arms, anti-tank and anti-helicopter weapons to them, and should the USSR invade Poland or undertake any other militarily repressive actions in Eastern Europe, U. S. military aid to the Afghan freedom fighters must assume massive proportions.

Additionally, the VFW calls upon the Administration and the Congress to shore up the crumbling U. S. strategic position in the Middle East by: (a) extending full and demonstrated support for Saudi Arabia; (b) providing covert and subtle support for pro-U.S. rational individuals and groups in revolution-torn Iran; (c) seeking a true, area-wide general Arab-Israeli peace as soon as practicable using the Egyptian-Israeli accord as a building block; (d) building up the Indian Ocean Naval Base on Diego Garcia Island; (e) moving promptly to secure other bases and staging facilities as will be required in Bahrein, Kenya, Oman, Egypt and/or the Sinai airfields; and (f) halting and reversing Soviet penetration of the area by every possible means, to include the stationing of U.S. ground forces as the crucial oil supply is now directly and unmistakably threatened.

Further, in view of the true nature of the energy crisis now upon us, the Commander-in-Chief of the VFW will inform the President and the Congress that our organization will continue to support a fair and comprehensive U. S. energy policy designed to reverse U. S. dependence on OPEC oil imports and the concomitant mortgaging of our national security and freedom of action, specifically to include the addition to our strategic petroleum stockpile of at least 100,000 barrels of oil per day.

7. As a non-negotiable matter of national honor with respect to America's Prisoners of War and Missing in Action, economic and diplomatic pressure should be sustained for as long as it takes against those nations and

movements hindering the search for our POW/MIAs, and that the Administration and the Congress speak out forcefully and publicly on this matter. Also, no most favored nation trade status be granted to Russia and likeminded nations until there is a full and complete accounting of our POW/MIAs.

8. Unswerving support for the Republic of China on Taiwan will be continued by requesting the Congress and the Executive Branch of our government to furnish modern weapons to Taiwan, and continue existing cultural, educational and diplomatic arrangements.

9. Any plan to withdraw any U. S. military forces from the Republic of Korea be considered only when a bona fide peace treaty has been agreed to between North and South Korea.

10. With respect to women in the armed forces, the VFW position is that no women will be assigned to ground, sea, or air jobs that call for aggressively seeking out, closing with, and destroying the enemy.

11. In an effort to stamp out terrorism, the following steps should be taken: (a) increase airport and harbor security; (b) reinstate the House Committee on Internal Security; and (c) vow never again to succumb to terrorists' demands.

TOGETHER FOR AMERICA